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Memorandum

TO: BATA Oversight Committee

DATE: June 4, 2008

FR: Deputy Executive Director

W. I. 1252

RE: FY 2008-2009 Toll Bridge Program Operating and Capital Budget

This memorandum presents the final FY 2008-09 budget for the Regional Measure 1 (RM 1), Seismic Retrofit Program (SRP), and Regional Measure 2 (RM 2) Toll Bridge programs. The operating budget includes Caltrans expenses for bridge operations, BATA's administrative costs, transfers to MTC for administration and the statutorily mandated toll-funded transit programs.

The only revision in the final operating and maintenance budget from the draft that was presented to the Committee in May 2008 is that the Toll Collections line item in the Caltrans portion of the budget has been reduced from \$26.1 million in the draft budget to \$24.5 million in the final budget. The budget reduction was a result of further reductions in toll collections staffing and a reduction in the benefits rates for Caltrans staff. Attachment A includes the line detail for the FY 2008-09 budget as compared to the FY 2007-08 revised budget.

For the capital budget, in May 2008, the Toll Bridge Program Oversight Committee (TBPOC) reviewed and approved a recommendation to supplement the San Francisco-Oakland Bay Bridge East Span Project by \$36.4 million for the Yerba Buena Island (YBI) Detour Contract. The final budget reflects a budget revision and supplemental allocation for the YBI Detour Contract.

The major highlights and issues regarding the FY 2007-08 and FY 2008-09 budgets are outlined as follows:

FY 2007-08 Budget and Actual Expenditures

For FY 2007-08, total traffic is approximately 1.5 percent less than in FY 2006-07 (through April 2008) and toll-paid traffic is expected to be about 2.0 percent lower compared to the previous fiscal year. Compared to a year ago, toll violations have decreased by approximately 3.4 percent and carpools increased by about 3.8 percent. We believe that the closure of the Bay Bridge over the Labor Day weekend in September 2007 and the increases in gas prices have most likely had the largest impact on the reductions of traffic on the toll facilities. Given the projected decreases in toll paying vehicles for FY 2007-08, staff is projecting that FY 2007-08 toll revenues (RM 1, RM 2, and SRP) will be about 2.0 percent less than budgeted (Table 1).

Table 1 - Toll Revenues – FY 2007-08 Compared to FY 2007-08 (Estimated Actual)

	FY 2007-08 Adopted Budget	FY 2007-08 Estimated Actual	Percent Change
RM 1 Revenues	\$137,016,387	\$134,374,500	-1.9%
RM 2 Revenues	\$117,362,278	\$114,850,000	-2.1%
SRP Revenues	\$234,724,556	\$229,700,000	-2.1%
Violation Revenue	\$10,000,000	\$10,767,952	+7.7%
Total	\$499,103,221	\$489,692,452	-1.9%

Additionally, staff is requesting that the FY 2007-08 budget be revised to reflect revenues from a Traffic Congestion Relief Program (TCRP) grant that BATA received from the California Transportation Commission for a video tolling study. The total grant was for \$1.8 million. Staff is proposing that \$600,000 of the grant be included in the FY 2007-08 budgeted revenues to cover consultant fees for this year and the balance of the grant will be reflected in the FY 2008-09 budget.

Actual Expenditures

For FY 2007-08, Caltrans is projected to expend approximately \$25.3 million for Toll Collections this year, which is about \$1.3 million more than was included in the FY 2007-08 budget. The increased costs for the toll collections services during the fiscal year is due to providing 1) added collections staffing at the new Benicia-Martinez Bridge until travel patterns and the functioning of the new toll plaza could be evaluated, 2) back-up staffing at the toll plazas during the implementation of the new FasTrak®-only lanes on the bridges in Summer 2007, and 3) added staffing at the edges of the peak periods and on weekends at the San Francisco-Oakland Bay Bridge. The increased toll collections costs will be fully off-set by savings on other line items in the Caltrans portion of the budget.

FY 2008-09 Budget

Revenue:

As shown in Table 2, for FY 2008-09, staff is proposing total toll revenues of \$474.1 million, which is slightly below (1 percent) FY 2007-08 estimated actual revenues. The projected reduction in revenues reflects further reductions in toll paying vehicles on the bridges due to uncertainties regarding gas prices and economic conditions.

Table 2 - FY 2008-09 Estimated Toll Revenues

	FY 2007-08 Estimated Actual Toll Revenues	Estimated FY 2008-09 Toll Revenues	Percent Change
RM 1 Revenues	\$134,374,500	\$133,030,755	-1.0%
RM 2 Revenues	\$114,850,000	\$113,701,500	-1.0%
SRP Revenues	\$229,700,000	\$227,403,000	-1.0%
Total	\$478,924,500	\$474,135,255	-1.0%

Operating Expense:

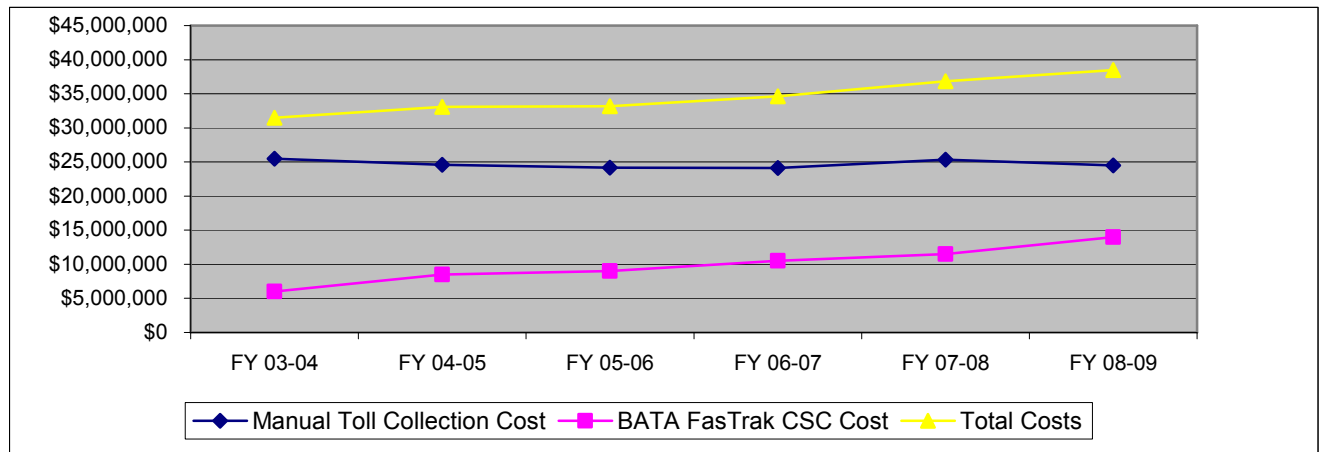
1. For FY 2008-09, Caltrans has proposed a total budget \$35.1 million for the operation and maintenance of the bridges, which is 1 percent more than the FY 2007-08 budget. The budget submittal included a request for \$24.5 million for the Toll Collections line item, which is 2.4 percent more than the FY 2007-08 adopted budget. The FY 2008-09 budget includes the funding of 326 Person Years (PYs) for toll collections, which reflects a reduction of 14 PYs from FY 2007-08 estimated actuals. Although staffing is proposed to be reduced, the FY 2008-09 toll collections budget is slightly higher than the FY 2007-08 adopted budget due to a salary increase and for toll collections staff and an increase in the overhead rate that BATA pays to Caltrans.

As shown in Table 3, Caltrans toll collection staffing for FY 2008-09 will be 50 PYs (-13 percent) less than in FY 2003-04 as a result of the implementation of FasTrak-only lanes and other efficiency improvements. As shown in the table, the total budget for the Toll Collections line item has remained fairly stable over the past several years. The budget has not reduced at the same rate as staff reductions because salary increases and increases in the overhead rate have largely off-set savings from the staff reductions.

Table 3 - FY 2008-09 Estimated Toll Revenues

	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Toll Collection Staff (PYs)	376	362	343	341	340	326
Budget	\$25,506,165	\$24,577,271	\$24,159,961	\$24,111,301	\$25,328,000	\$24,583,000
Overhead Rate	24.0%	22.3%	26.1%	24.3%	27.8%	30.7%

2. For FY 2008-09, staff is proposing a total budget of approximately \$16.0 million for the operation of the FasTrak® Customer Service Center (CSC). The proposed budget is \$2.2 million (15.9 percent) more than the adopted budget for FY 2007-08. The proposed FY 2008-09 budget includes increased expenses mostly due to an estimated 10 percent increase in FasTrak® customer accounts, bringing the total number of accounts to about 850,000, and increases in the costs of sending of violation notices due to a recently enacted postage increase. As shown in the chart below, while manual toll collections expenses have remained fairly stable, as discussed above, costs for the operating of the FasTrak® customer service center have continued to increase mostly due to the enrollment of new customers. As a result the total cost of collecting tolls on the bridges is increasing. Staff is continuing to evaluate the implementation of non-staffed lanes on the bridges to reduce overall costs.

Chart 1 - Cost of Manual and FasTrak® Toll Collections**Capital Programs:****Regional Measure 1 Toll Program**

For FY 2008-09, Caltrans has requested a total net allocation of \$13.9 million to fund on-going support for construction oversight of the remaining contracts. For FY 2007-08, Caltrans has requested a net supplemental allocation of \$2.2 million to close out the New Benicia-Martinez Bridge and the Carquinez Bridge Demolition contracts. Table 4 below shows the distribution of allocations for FY 2008-09.

Table 4 - FY 2008-09 Regional Measure 1 Capital Support Allocations

Project	Total FY 2008-09 Support Allocation (millions)
New Benicia-Martinez Bridge	\$6.8
New Carquinez Bridge	\$0.4
Interstate 880/State Route 92 Interchange Reconstruction	\$6.6
Other Contracts	\$0.1
Total	\$13.9

Toll Bridge Seismic Retrofit Program (SRP)

For the SRP, Caltrans has requested toll fund allocations totaling \$130.9 million for the program to cover on-going construction oversight and design support costs. Of the five Bay Area toll bridges identified as part of the SRP, only the San Francisco-Oakland Bay Bridge remains to be completed. Requested support allocations include \$124.0 for the San Francisco-Oakland Bay Bridge Seismic Retrofit Project to continue design efforts on the Yerba Buena Island (YBI) Transition Structures and construction oversight over the Self-Anchored Suspension (SAS) Span, YBI Detour, Oakland Touchdown and \$6.9 million for the completion of the San Francisco-Oakland Bay Bridge West Approach construction contracts. The Toll Bridge Program Oversight Committee (TBPOC) has reviewed and concurred with the capital outlay support allocation request to BATA.

The TBPOC has also reviewed and approved a recommendation to supplement the budget for the Yerba Buena Island (YBI) Detour Contract. As reported to the Committee, the Detour contract will construct a temporary bypass structure just east and south of the tunnel that will allow for construction of a new transition structure from the new east span into the existing tunnel. To cover additional construction risks identified with a planned roll-in of the east tie-in of the bypass structure and contingencies for other work, the TBPOC recommends a supplemental budget adjustment and allocation of \$107.8 million for the project. The budget adjustment and allocation can be partly offset by savings on the Skyway (\$39.8 million), SAS E2/T1 Foundations (\$32.6 million), and Richmond-San Rafael Bridge Seismic Retrofit (\$8.5 million) contracts. The remaining \$27.8 million is proposed to be funded from the current \$785.0 million SRP program contingency. There is no change to the overall seismic program budget of \$8.7 billion. Attachment B shows the proposed budget adjustments for the YBI Detour Contract and impact on the budgeting for the overall seismic program.

Toll Bridge Rehabilitation Program

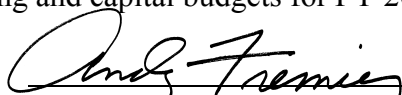
A ten-year Toll Bridge Rehabilitation Program has been adopted by BATA to maintain the safe and efficient operation of the bridges and associated facilities. For FY 2008-09, we have updated the Rehabilitation Plan, which includes a total of \$132 million in the most critical bridge structure rehabilitation and toll collection projects over the ten-year period. The plan includes the seismic evaluation of Dumbarton and Antioch Bridges. The seismic design is expected to be completed by December 2009. Staff requests that the Committee allocate toll funds for this upcoming fiscal year to project categories as summarized in Table 5.

Table 5 - FY 2008-09 Toll Bridge Rehabilitation Program Capital Allocations

Toll Bridge Rehabilitation Projects	Capital Allocation (millions)	Support Allocation (millions)
Dumbarton and Antioch Bridge Seismic Analysis	\$0.0	\$17.6
Bridge Rehabilitation Projects	\$0.3	\$2.8
Plaza Rehabilitation Projects	(\$0.1)	\$5.5
Fender Study	\$0.0	\$0.5
Revenue Collection Upgrades and Tag Purchase	\$18.9	\$1.9
FasTrak® Strategic Plan and Toll Plaza Upgrades	\$1.1	\$1.0
Miscellaneous Projects and Inspection	(\$0.6)	\$2.9
FY 2008-09 Totals	\$19.6	\$32.2

Recommendation

Staff recommends that the Committee refers BATA Resolution No. 74, Revised - FY 2007-08 BATA Budget, to the Authority for approval to add TCRP grant revenues to the budget for a Video Tolling Study project and refers BATA Resolution No. 79 – FY 2008-09 BATA Budget, to the Authority for approval to adopt the operating and capital budgets for FY 2008-09.


Andrew B. Fremier

Attachment B
Seismic Retrofit Program Budget Revisions

Toll Bridge Seismic Retrofit Program	Current Total Project Budget	Project Budget Changes	Revised Total Project Budget
	a	b	c = a + b
San Francisco-Oakland Bay Bridge East Span Replacement			
SAS Contract	\$ 1,751,720,000		\$ 1,751,720,000
Skyway Contract	\$ 1,293,000,000	\$ (38,900,000)	\$ 1,254,100,000
E2/T1 Contract	\$ 313,510,000	\$ (32,610,000)	\$ 280,900,000
YBI Detour Contract	\$ 334,269,000	\$ 107,800,000	\$ 442,069,000
Other Costs	\$ 1,973,321,000	\$ -	\$ 1,973,321,000
Project Total	\$ 5,665,820,000	\$ 36,290,000	\$ 5,702,110,000
San Francisco-Oakland Bay Bridge West Approach Replacement	\$ 453,700,000		\$ 453,700,000
Richmond-San Rafael Bridge Retrofit	\$ 825,000,000	\$ (8,500,000)	\$ 816,500,000
Other Completed Bridges and Program Indirects	\$ 955,400,000	\$ -	\$ 955,400,000
Project Subtotal	\$ 7,899,920,000	\$ 27,790,000	\$ 7,927,710,000
Program Contingency	\$ 785,080,000	\$ (27,790,000)	\$ 757,290,000
Total for Toll Bridge Seismic Retrofit Program	\$ 8,685,000,000	\$ -	\$ 8,685,000,000